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## South Africa, Republic of

### Citrus

### Semi-Annual

### 2005

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**Report Highlights:**

South Africa's CY 2005 citrus production is expected to reach 1.78 million MT, a slight increase from 1.77 million MT last year because of enough rain and normal temperatures in the citrus fruit growing areas. Exports are expected to decrease by 2% mainly because of reduced quality especially for oranges. At 1.1 million MT, the country's citrus export volume is forecast to stay near record highs. Exports to the U.S. are expected to reach about 10% of the total exports because of production from new black-spot - free areas, Warrenton and Hartswater in the Northern Cape.

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## Executive Summary

South Africa's CY 2005 citrus production is expected to reach 1.78 million MT, a slight increase from 1.77 million MT last year because of enough rain and normal temperatures in the citrus fruit growing areas.

CY 2005 total citrus exports are expected to decrease by 2% mainly because of a reduced quality especially for oranges. At 1.1 million MT, the country's citrus export volume is forecast to stay near record highs. Exports may increase by 15% for grapefruit, by 0.5% for lemons and limes, by 3% for navels, and by 3% for Satsumas. Exports of oranges are expected to decrease by 8%. South Africa's citrus exports to the U.S. for CY 2005 are expected to reach about 10% of the total exports because of production from new black-spot - free areas, Warrenton and Hartswater in the Northern Cape.

## Production

### Background

After deregulation of the agricultural markets through the Act of 1997, marketing for the citrus products became disorganized. This led to the establishment of a common market, the Citrus Grower's Association. The CGA introduced statutory levies for research and market access. Currently, the citrus industry is expanding exports to Korea, China and the U.S.

Citrus South Africa is another body formed following the market disasters in 2000. Citrus South Africa is a cooperative that provides information on tree census, crop estimates, actual quantities packed, and actual quantities shipped by destination for its members. The forum participates in other joint forums; trains its members; evaluates software used in channel management; and ensures co-operation between local citrus growers and the government.

The South African citrus industry's mission focuses on transparency, improved quality and food safety.

**NOTE WELL:** The area planted figures fluctuate significantly because of data received from our industry sources. According to the industry, not all farmers adhere to annual submission of tree census report, which is mandatory for data accuracy. In 2004, increases in area as appearing on some commodity tables result from the improvement on the farmers' data submission last year.

South Africa's production data include output from Swaziland, with a total citrus production area of about 2,045 Ha (oranges = 880 Ha, lemons & limes = 96 Ha, grapefruit = 1,010 Ha) in 2004. Zimbabwe is also aggregated to the total production, mainly because the two areas are in close proximity to South Africa, which has advanced marketing infrastructures.

### Production Subcategory

Citrus South Africa and the Citrus Growers Association expect South Africa's 2005 production to total about 1.78 million MT, a slight increase from 1.77 million MT in 2004 because of enough rain and normal temperatures in the citrus fruit growing areas. Production for 2005 is expected at 1.12 million MT for oranges, 0.18 million MT for lemons and limes, and at 0.27 million MT for grapefruit and soft citrus at 0.21 million MT.

South Africa, Republic of Oranges, Fresh							
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	
Area Planted	39868	35604	40000	35998	40100	36000	(HECTARES)
Area Harvested	30019	27333	30040	26500	30060	26670	(HECTARES)
Bearing Trees	12908	11726	12920	11370	12930	11480	(1000 TREES)
Non-Bearing Trees	4235	3548	4280	4070	4300	3960	(1000 TREES)
TOTAL No. Of Trees	17143	15274	17200	15440	17230	15440	(1000 TREES)
Production	1265	1148	1260	1113	1300	1120	(1000 MT)
Imports	7	6	7	8	0	10	(1000 MT)
<b>TOTAL SUPPLY</b>	<b>1272</b>	<b>1154</b>	<b>1267</b>	<b>1121</b>	<b>1300</b>	<b>1130</b>	<b>(1000 MT)</b>
Exports	727	726	760	717	800	660	(1000 MT)
Fresh Dom. Consumption	302	185	280	177	280	220	(1000 MT)
Processing	243	243	227	227	220	250	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	<b>1272</b>	<b>1154</b>	<b>1267</b>	<b>1121</b>	<b>1300</b>	<b>1129</b>	<b>(1000 MT)</b>

South Africa, Republic of Degrees Brix Orange Juice (MT)							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	243000	243000	227000	227000	220000	220000	(MT)
Beginning Stocks	2031	2031	3208	3257	3478	6003	(MT)
Production	24570	24570	24570	22930	21780	22200	(MT)
Imports	195	244	200	273	0	300	(MT)
<b>TOTAL SUPPLY</b>	<b>26796</b>	<b>26845</b>	<b>27978</b>	<b>26460</b>	<b>25258</b>	<b>28503</b>	<b>(MT)</b>
Exports	11588	11588	11500	7457	11000	9500	(MT)
Domestic Consumption	12000	12000	13000	13000	13000	13000	(MT)
Ending Stocks	3208	3257	3478	6003	1258	6003	(MT)
<b>TOTAL DISTRIBUTION</b>	<b>26796</b>	<b>26845</b>	<b>27978</b>	<b>26460</b>	<b>25258</b>	<b>28503</b>	<b>(MT)</b>

South Africa, Republic of Lemons & Limes, Fresh							
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	
Area Planted	5238	4896	5250	4930	5250	4950	(HECTARES)
Area Harvested	3000	2600	3100	2610	3150	2670	(HECTARES)
Bearing Trees	1586	1370	1900	1380	1930	1410	(1000 TREES)
Non-Bearing Trees	914	1210	725	1220	730	1200	(1000 TREES)
TOTAL No. Of Trees	2500	2580	2625	2600	2660	2610	(1000 TREES)
Production	211	182	250	183	250	180	(1000 MT)
Imports	0	17	0	0	0	10	(1000 MT)
<b>TOTAL SUPPLY</b>	<b>211</b>	<b>199</b>	<b>250</b>	<b>183</b>	<b>250</b>	<b>190</b>	<b>(1000 MT)</b>
Exports	131	131	150	115	160	110	(1000 MT)
Fresh Dom. Consumption	17	17	20	20	20	20	(1000 MT)
Processing	63	51	80	48	70	60	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	<b>211</b>	<b>199</b>	<b>250</b>	<b>183</b>	<b>250</b>	<b>190</b>	<b>(1000 MT)</b>

South Africa, Republic of Grapefruit, Fresh							
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	
Area Planted	5350	6599	5000	6600	4900	6600	(HECTARES)
Area Harvested	3876	3710	3470	3826	3330	3910	(HECTARES)
Bearing Trees	1558	1488	1390	1534	1340	1570	(1000 TREES)
Non-Bearing Trees	592	1158	620	1113	630	1080	(1000 TREES)
TOTAL No. Of Trees	2150	2646	2010	2647	1970	2650	(1000 TREES)
Production	268	256	240	264	230	270	(1000 MT)
Imports	3	3	3	2	3	2	(1000 MT)
<b>TOTAL SUPPLY</b>	<b>271</b>	<b>259</b>	<b>243</b>	<b>266</b>	<b>233</b>	<b>272</b>	<b>(1000 MT)</b>
Exports	186	186	170	217	170	220	(1000 MT)
Fresh Dom. Consumption	10	7	10	7	10	7	(1000 MT)
Processing	75	66	63	42	53	45	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	<b>271</b>	<b>259</b>	<b>243</b>	<b>266</b>	<b>233</b>	<b>272</b>	<b>(1000 MT)</b>

### Consumption

South Africa's CY 2005 domestic consumption of fresh oranges is expected to increase by about 20% mainly because of the increased supply of low export quality oranges. Consumption of lemons & limes and grapefruit will remain about the same as last year.

## Trade

South Africa's citrus industries, CGA and CSA, expect CY 2005 exports to increase by 15% for grapefruit, by 0.5% for lemons and limes, by 3% for navels, and by 3% for Satsumas. Exports of oranges are expected to decrease by 8%. South Africa's citrus exports to the U.S. for CY 2005 are expected to reach about 10% of the total because of production from the Warrenton and Hartswater (certified as Black-Spot Free) areas of the Northern Cape.

According to the World Trade Atlas, total citrus exports amounted to 1.12 million MT in 2004, a slight increase from 1.11 million MT in 2003. South Africa's major destinations are detailed below:

### ORANGES

In 2004, Netherlands remained the leading export destination for South Africa's oranges, with a total 121,443 MT, a 20% increase from the same period last year. Exports to Russia decreased by 34% and by 9% to the U.K., while it increased by 57% to Spain compared to 2003. Total orange exports reached 0.71 million MT, a slight decrease from 0.72 million MT last year.

### LEMONS & LIMES

Exports of fresh lemons & limes reached a total 0.11 million MT in 2004 down from 0.13 million MT in 2003. Major export destinations in 2004 were Saudi Arabia (16% of the total), U. A. Emirates (12% of the total), the U.K. (9.5 % of the total), the Netherlands (8.6% of the total). The U.S. ranked 23<sup>rd</sup> in South Africa's major export destinations at a total 551 MT.

### GRAPEFRUIT

South Africa's total fresh grapefruit exports in 2004 amounted to 0.21 million MT. Of the total, consignments destined to Japan (34%), followed by Netherlands (21%), Mozambique (9.3%) and the U.K. (5%). No records of exports of grapefruit destined to the U.S.

In 2004, South Africa's citrus exports totaled 1.12 million MT. The total figures include 77,723 MT of soft citrus. Citrus exports were destined to the EU (44%); the Middle East (11.3%); the Far East (8.3%); Russia (7.3%); the US (2.2%); and to other areas (26.9%).

### NEW MARKETS

China became one of the big hopes for South African citrus fruit exporters following a signed trade protocol between the two countries in mid-2004. The Citrus Growers Association indicated that China would be treated as a special market, and will ensure that potential exporters have registered their orchards and applied steri-treatment to eradicate unwanted pests.

A new terminal is established in Durban harbor to cater for fruit destined to the Far East, including Korea and Hong Kong. Expectations are for an increase of exports to those markets.

Citrus exporters are familiarizing themselves with trade requirements for the Indian market.

The National Department of Agriculture lodged applications for access for citrus fruits into Israel and Australia. A market access application for Iran is also under discussion.

The Netherlands became South Africa's most important citrus export destination in 2004.

## OTHER TRADE AGREEMENTS AFFECTING THE CITRUS INDUSTRY

## AGOA

South Africa's citrus industry benefits from the African Growth and Opportunity Act (AGOA). The AGOA Act of 2004 (AGOA III, signed by President Bush on July 12, 2004) extends overall preferential access for imports from beneficiary Sub Saharan African countries from 2008 until September 30, 2015. These modifications - often collectively referred to in the region as "AGOA III" - were effective on July 13, 2004.

## SOUTH AFRICA-EUROPEAN UNION FREE TRADE AGREEMENT

South Africa's major fresh citrus export destination remains the European Union Bloc, despite the Sanitary and Phyto-Sanitary measure for Citrus Black Spot (CBS) infestation raised by the EU Bloc in 2003. In 2004, South Africa's fresh oranges, lemons & limes, and grapefruit exports to the EU amounted to 494,197 MT, which is 47% of the total citrus exports, and a 9% increase from 2003.

In January 2004, the South African Department of Agriculture presented the EU with research results concluding that the climatic differences of the two countries makes it impossible for the citrus black spot to establish itself in the EU production areas.

## Trade Subcategory

## EXPORTS

South Africa, Republic of Oranges, Fresh			
Time Period	Jan-Dec		Jan - Dec
Exports for:	2003		2004
<b>U.S.</b>	<b>25,670</b>	<b>U.S.</b>	<b>24,077</b>
Others		Others	
Netherlands	100,806	Netherlands	121,443
Russia	97,362	Russia	72,166
U.K.	68,502	U.K.	62,444
Saudi Arabia	57,529	Spain	60,651
Mozambique	55,645	Mozambique	49,900
Spain	38,630	Saudi Arabia	46,305
U. A. Emirates	37,675	Hong Kong	35,691
Hong Kong	37,050	Belgium	31,914
Belgium	35,811	U. A. Emirates	30,194
Italy	26,830	Italy	29,894
<b>Total for Others</b>	<b>555840</b>		<b>540602</b>
<b>Others not Listed</b>	<b>144,990</b>		<b>152,780</b>
<b>Grand Total</b>	<b>726500</b>		<b>717459</b>



South Africa, Republic of Lemons & Limes, Fresh			
Time Period	Jan - Dec	Jan - Dec	MT
Exports for:	2003		2004
<b>U.S.</b>	<b>1,100</b>	<b>U.S.</b>	<b>551</b>
Others		Others	
Saudi Arabia	19,023	Saudi Arabia	18,536
Belgium	17,175	U.A.Emirates	14,062
U.K.	15,769	U.K.	10,986
U.A.Emirates	14,780	Netherlands	10,027
Japan	11,578	Hong Kong	9,852
Hong Kong	9,769	Japan	8,513
Russia	9,213	Italy	8,423
Italy	7,306	Belgium	5,361
Netherlands	5,892	Russia	4,139
Spain	4,320	Germany	3,859
<b>Total for Others</b>	<b>114825</b>		<b>93758</b>
<b>Others not Listed</b>	<b>15,306</b>		<b>20,992</b>
<b>Grand Total</b>	<b>131231</b>		<b>115301</b>

South Africa, Republic of Grapefruit, Fresh			
Time Period	Jan - Dec	Jan - Dec	MT
Exports for:	2003		2004
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Japan	64,896	Japan	73,896
Netherlands	37,961	Netherlands	45,847
U.K.	19,023	Mozambique	22,988
Italy	14,704	U.K.	20,389
Mozambique	11,624	Italy	10,955
Belgium	6,857	Belgium	10,904
Spain	3,953	Spain	5,994
Canada	3,711	Russia	5,622
Russia	3,628	France	5,282
France	3,545	Germany	3,651
<b>Total for Others</b>	<b>169902</b>		<b>205528</b>
<b>Others not Listed</b>	<b>15,802</b>		<b>11,608</b>
<b>Grand Total</b>	<b>185704</b>		<b>217136</b>

## IMPORTS

South Africa, Republic of Oranges, Fresh			
Time Period	Jan - Dec	Units:	Jan - Dec
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	5,770	Zimbabwe	7,757
Spain	260	Israel	138
Canada	189	Zambia	30
<b>Total for Others</b>	<b>6219</b>		<b>7925</b>
<b>Others not Listed</b>	<b>228</b>		<b>0</b>
<b>Grand Total</b>	<b>6447</b>		<b>7925</b>

South Africa, Republic of Lemons & Limes, Fresh			
Time Period	Jan - Dec	Units:	MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	17	Russia	0.029
Thailand	0.048	Netherlands	0.007
<b>Total for Others</b>	<b>17.048</b>		<b>0.036</b>
<b>Others not Listed</b>			<b>0</b>
<b>Grand Total</b>	<b>17.048</b>		<b>0.036</b>

South Africa, Republic of Grapefruit, Fresh			
Time Period	Jan Dec	Units:	MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	1,985	Zimbabwe	1,936
Israel	441	Israel	428
Canada	45	Spain	42
Spain	44	Italy	40
<b>Total for Others</b>	<b>2515</b>		<b>2446</b>
<b>Others not Listed</b>	<b>0</b>		<b>0</b>
<b>Grand Total</b>	<b>2515</b>		<b>2446</b>

## Policy

The National Department of Agriculture introduced the export food safety control system for regulated products of plant origin (fruit and vegetables, groundnuts, grain, grain products, rooibos and honeybush tea), for implementation by March 01, 2005. Under the legislation, Good Agricultural Practices (GAP) are required for primary production, Good Hygiene Practices for pack-houses on-farms, Hazard Analysis Critical Control Points (HACCP) principles for pack-houses off-farms, Good Manufacturing Practices for processing plants, and Good Distribution Practices (GDP) for all areas of transportation. The Perishable Products Export Control Board (PPECB) will monitor local compliance. Imported foodstuffs of plant origins are also regulated by this law.

Article 18 of the EU regulation EC178/2002 was implemented in January 2005 to regulate South African business operators to adhere to 'from farm to fork' traceability system. The National Department of Agriculture, and the PPECB, are currently developing a control plan according to the principles of EU 882/2004, which is expected for analysis by SANCO by end of 2005.

## COMPETITIVENESS

In an International competitiveness study conducted by Promar International on behalf of the National Agricultural Marketing Council, South Africa is seen as competitive in the global food market, which include the citrus industry. Some of key international competitors for citrus are Brazil, Argentina, France, Israel, Thailand, Cuba, and recently China. Although South Africa participates in major citrus markets like the EU (Netherlands, UK) and Japan, it may not have a leading position in supply.

South Africa's overall market is small, but can be seen on the cutting edge of citrus international competitiveness. Its position for oranges improved significantly in the last three years, while Spanish sector appears to have lost ground in the same time. Brazil and the U.S. are not seen as competitive despite their large orange industries, according to the study.

In 2003, South Africa ranked third in yield competitiveness at 24 MT/Ha following the U.S. (second-at 32.6 MT/Ha) and Israel (first-at 33.9 MT/Ha), and above Spain (fourth-at 21.8 MT/Ha). Although the country's yield for oranges is considered average, it remained relatively stable over the last 5 years compared to its competitors.

South Africa's soft citrus ranked second at 20MT/Ha in 2003 following the U.S. (24.3 MT/Ha). Yield reduced over the last 5 years although not as much as Israel. The country is followed by Brazil (third-at 19.4 MT/Ha), Spain (fourth-at 18.1 MT/Ha) and Italy (fifth-at 16.4 MT/Ha)

The country's yield of lemons and limes ranked third at 24.9 MT/Ha in 2003 following the U.S. (first at 35.8 MT/Ha) and Argentina (second at 28.6 MT/Ha). The study indicates that South Africa is in a mid-position compared to other world suppliers.

South Africa's grapefruit yields decreased in the last few years but not as much as Brazil and Israel. For more information on South African commodity competitiveness in the global market, go to [www.namc.co.za](http://www.namc.co.za) for the full Promar study.